

December 15, 2000

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Hon. Herbert Wilkins  
Executive Office of Health  
and Human Services  
One Ashburton Place  
Room 1109  
Boston, MA 02108

Dear Dr. Altman and Justice Wilkins:

It has been close to five months since the Finance Working Group reported to the Health Care Task Force on the state of the Commonwealth's nursing facilities. The report recognized the depth of the crisis facing nursing facility providers and the ultimate responsibility of our major payer, the state Medicaid program, to play a major role in addressing that crisis. To quote briefly from that report, "The financial health of the Massachusetts nursing home industry as a whole is worsening. As a result, nursing homes in Massachusetts are generally much worse off financially than they were several years ago, and are generally worse off than nursing homes in neighboring states." Even more disturbing was the Task Force's observation that "the combination of nursing homes' stressed financial condition, their associated difficulty in paying attractive salaries, and the general shortage of direct care workers has begun to show in reports of deteriorating quality of care, according to the Department of Public Health."

Since the Task Force's Report was released, the crisis that grips the nursing facility provider community has deepened even further. An additional eight nursing homes with 1,000 beds have closed, quality of care scores on state surveys have deteriorated, vacancy rates among nursing staff have reached epidemic proportions (one in three positions in some areas of the state), and the Division of Health Care Finance and Policy's 1999 cost reports have been analyzed and show the largest ever single year loss (\$72 million). Most ominously, bed closures have reduced access to quality nursing facility care for many Medicaid beneficiaries.

In the face of all this adversity, we wait patiently for the Health Care Task Force's recommendations for dealing with our crisis. It is mildly ironic that Tuesday morning, the day after the Task Force session, the state Division of Health Care Finance and Policy will conduct a hearing on the administration's

calendar year 2001 Medicaid rate proposal, which will give the average nursing facility a three percent rate increase. While it will continue the modest (on average, 56 cents per hour) certified nursing assistant wage “pass through” initiated by the legislature, it will do little else to help providers attract the licensed nursing, laundry, housekeeping, and dietary personnel that we need to properly care for the Commonwealth’s most frail citizens.

The Finance Working Group recommended “Support and Targeted Assistance for the Nursing Facility Industry.” To quote further from the report, “this will require the Commonwealth’s commitment to targeted increase funding as well as to comprehensive planning.” We fail to see how a three- percent rate increase proposal by the administration demonstrates the Commonwealth’s commitment. While we recognize that public resources are not unlimited, the state’s proposal will lead to increased staff vacancies, higher staff turnover, and poorer quality of care. More drastic state action is needed, and we believe the Task Force has a responsibility to be the catalyst for such action. We have suggested to the Finance Working Group that the state establish a staffing stabilization fund for long-term care workers funded by a portion of the growing state surplus. Any action short of an emergency infusion of significant state funds to attract and retain qualified staff will be a case of “too little, too late.”

While we look to the Task Force, the legislature, and perhaps even the courts for assistance on the revenue side of the equation, we must also look to the administration and its regulators for help on the cost side of the equation. When public underfunding of nursing facility care is coupled with excessive regulatory burdens, it is a lethal combination. Nursing facility providers are literally drowning in a sea of paperwork. More time is being spent documenting care leaving less time to actually provide care. Our staffing resources are precious and need to be directed to patient care. We have included with this letter a copy of the Federation’s testimony on the proposed calendar year 2001 nursing facility Medicaid payment rates which will be presented tomorrow morning to the Division of Health Care Finance and Policy. We draw your attention to the last four pages of that testimony in which we outline five actions that can be taken by state regulators and payers. We believe these changes will simplify the system and reduce costs while improving the quality of patient care. We urge the Task Force to recommend to the administration that costly and unnecessarily burdensome regulatory burdens be eliminated. We recognize that annual struggles over the adequacy of Medicaid payments to nursing facilities are inevitable. However, these disagreements should not prevent us from reaching consensus on proposals that will benefit residents by ensuring that scarce staffing resources go toward providing rather than documenting patient care.

We hope these comments will be taken into consideration by the Health Care Task Force as you develop policy options to deal with the crisis in long-term

care. Thank you for the time and attention you have given and will continue to give to these serious matters.

Respectfully,

Abraham E. Morse  
President  
Massachusetts Extended Care Federation

cc: Governor Paul Cellucci  
Lieutenant Governor Jane Swift  
Senate President Thomas F. Birmingham  
House of Representatives Speaker Thomas M. Finneran  
EOHHS Secretary William O'Leary

Enclosure: MECF Testimony on the State's Calendar Year 2001 Medicaid  
Rate Proposal